

SENATE FISCAL AGENCY MEMORANDUM

DATE: October 1, 2004

TO: Members of the Senate

FROM: Gary S. Olson, Director

RE: Public Act 360 - FY 2003-04 and FY 2004-05 Supplemental Appropriations

The Governor signed into law Public Act 360 of 2004 (House Bill 5527) on September 30, 2004. Public Act 360 of 2004 is part of the FY 2004-05 budget target agreements reached by the Governor and Legislative Leadership on September 2, 2004. The bill includes FY 2003-04 supplemental appropriation items that shift current appropriations funded with General Fund/General Purpose (GF/GP) revenue to available State Restricted revenue and provide additional GF/GP appropriations to meet year-end funding shortfalls. In addition, Public Act 360 of 2004 contains several FY 2004-05 appropriation items to ensure that the enacted budget conforms with the budget target agreement.

FY 2003-04 Line-Item Appropriations

In total, FY 2003-04 supplemental appropriations in Public Act 360 of 2004 provide for \$20.0 million of Gross appropriations and reduce enacted GF/GP appropriations by \$16.75 million. Table 1 provides a listing of the FY 2003-04 appropriations contained in Public Act 360. The appropriations in the bill are summarized below:

Table 1 Public Act 360 of 2004 FY 2003-04 Supplemental Appropriations (actual dollars)		
Department/Item	Gross Appropriation	GF/GP Appropriation
<u>Capital Outlay</u>		
Utility Separation Northville Hospital	\$ 3,000,000	\$ 0
Corrections Special Maintenance	10,950,000	0
State Agency Special Maintenance	2,000,000	0
Purchase of Valley School Building	750,000	0
<u>Natural Resources</u>		
Payments in Lieu of Property Taxes	3,250,000	3,250,000
<u>State</u>		
Branch Operations	0	10,000,000
<u>Treasury</u>		
Quality of Life Bond Debt Service	0	(30,000,000)
Total.....	\$19,950,000	\$(16,750,000)

Capital Outlay. Appropriation of \$15.9 million for special maintenance projects in State agencies, the Department of Corrections, and for utility separation work at the Northville Psychiatric Hospital. The bill also contains a \$750,000 appropriation for the purchase of property on the Michigan School for the Blind/Deaf property in Flint. This property had been previously sold by the State and the owner has defaulted on the purchase. The current owner is the private Valley School. These appropriations are funded with surplus escrow funding for previous State Building Authority bond issues. This funding change will allow for the lapsing of existing GF/GP appropriations for special maintenance projects.

Department of Natural Resources. Appropriation of \$3.3 million of GF/GP funding for payments in lieu of property taxes on State-owned lands. This appropriation will allow the State to meet its FY 2003-04 funding obligations to local governments on these payments.

Department of State. A \$10.0 million funding shift from State Restricted fund appropriations to GF/GP appropriations for branch office operations. This fund shift is a result of shortfalls in revenues collected from the Transportation Administration Collection Fund.

Department of Treasury. A \$30.0 million funding shift from GF/GP appropriations to the Refined Petroleum Fund for the debt service financing needs of Quality of Life bonds.

FY 2004-05 Line-Item Appropriation

Public Act 360 of 2004 contains a total of \$7.7 million of Gross appropriations for FY 2004-05 for two specific purposes. The first is \$6.6 million of Gross appropriations in the Family Independence Agency for information technology projects. These appropriations, funded from Federal and State Restricted funds, ensure that the entire appropriation for information technology projects in the Family Independence Agency conform with the budget target agreement. The second FY 2004-05 appropriation is \$1.1 million of Gross appropriations in the Department of Treasury for State sports tourism promotion. These funds will be used by the State in conjunction with the hosting of the Super Bowl game in 2006 in Detroit.

Boilerplate Language

Sec. 201. General language summarizing payments to local units of government contained in the bill.

Sec. 202. General language subjecting the appropriations in the bill to the provisions of the Management and Budget Act.

Sec. 203. Language that transfers and appropriates \$5.3 million of Merit Award Trust Fund revenue to the General Fund in FY 2004-05.

Sec. 204. Language that transfers and appropriates \$1.8 million of Tobacco Settlement Trust Fund to the General Fund in FY 2004-05.

Sec. 205. Community Health language that amends the existing language controlling the hospital quality assessment program in the Medicaid program. The language would authorize the State to levy the hospital assessment on beds used for ventilator dependent care. This change could not be implemented unless the Federal government approves a change to the State Medicaid plan.

Sec. 206. Language that requires the Department of Community Health to monitor the quality of service that is being provided by a community mental health services program that is required to convert its structure to a community mental health authority. The Department of Community Health is authorized to withhold funding from a community mental health authority that does not provide quality service to the constituents of the program.

Sec. 250. Language that allows the Attorney General to carry forward at the close of FY 2004-05 any unobligated revenue the department has generated from its legal work. The amount of these funds that are carried forward shall not exceed \$250,000 and will be available for expenditure in the following fiscal year.

Sec. 251. Language that provides for a hiring freeze for FY 2004-05 for the Department of Agriculture. This language ensures that the hiring freeze for this department conforms with the budget target agreement.

Sec. 301. Language providing the details of the State purchase of property on the Michigan School for the Blind/Deaf campus in Flint. The language limits the purchase price of the property to a maximum of \$750,000.

Sec. 302. Language that authorizes the State to purchase the Constitution Hall Office Building in Lansing for an amount not to exceed \$140.0 million. This purchase will be financed with bonds issued by the State Building Authority.

Sec. 351. Language that increases the FY 2004-05 appropriated number of full-time equated positions for the Public Service Commission by 8.0 FTEs above the amount included in the enacted FY 2004-05 appropriation bill for the commission.

Sec. 401. Language that directs the Family Independence Agency to follow certain procedures regarding changes at the Adrian Training School.

Sec. 500. Provides that the FY 2004-05 appropriation for State sports tourism promotion shall not lapse at the close of the fiscal year.

Enacting Sections

Enacting Section 1(a): Repeals the hiring freeze language contained in House Bill 5509, the FY 2004-05 Department of Agriculture appropriation bill. This language is replaced with Sec. 251.

Enacting Section 1(b): Repeals an existing FY 2003-04 appropriation for universities based on the tuition restraint agreement. This appropriation has been reenacted in the FY 2004-05 higher education appropriation bill.

Enacting Section 2: Repeals existing language in House Bill 5516, the FY 2004-05 Family Independence Agency appropriation bill dealing with the Adrian Training School. This language is replaced with Sec. 401.

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